

NEW HAMPSHIRE STATE LIQUOR COMMISSION

MINUTES OF MEETING – JUNE 13, 2002

PRESENT: Chairman John Byrne and Commissioners Anthony Maiola and Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Howard Roundy, Director of Information Technology; Peter Engel, Director of Store Operations; Richard Gerrish, Spirits Marketing Specialist; Nicole Horton, Wine Marketing Specialist; George Tsiopras, Chief Accountant; Al Picconi, United Beverages, Inc.; Michael Goclowski, Law Warehouses

I. FINANCIAL & ADMINISTRATIVE REPORTS

1. Financial Reports

A. Weekly, Y-T-D Sales Reports:

The SA1000 report for the week ending June 9, 2002 indicates retail sales were up around 2.3%, on-premise sales were up 1.3%, off-premise sales were down about -.62%, and total aggregate sales were up 1.96%. The traffic count increased by 3,920, and the average sale decreased by \$.21.

The W-1 Total Weekly Sales Report for the same week confirms total sales were up 1.96%, or \$119,338 for the week, as they were for the year by almost 2% or \$20,008,879. Wine sales for the week were up 7.7% or \$200,212, and were also up for the year by 9.96% or \$12,830,777. Sales of spirits were down from the same week last year by -2.8% or (\$99,564), but were up year-to-date by 5.11% or \$8,232,470.

B. Budget Reports:

Regarding depletions and post-offs, Craig reported that all accounts are current. (The three charges shown for April were due to invoices which were sent out late.)

A proposal with some pricing has been received from Value Link regarding gift cards. The present POS system will be checked to ensure it can handle this program. Craig has some concerns with the criteria, as the company requires a three-year contract and is connected to a large bank which tends to have high quotes. John Bunnell will also review the package and make suggestions. Craig asked that he, John Bunnell or Peter be contacted if it raises any issues.

According to the latest W-6 Expense Budget Activity Variance Report, expenditures were targeted to be at 94.79%. However, actual figures are at about 90%, which is good. Fiscal Committee has approved a transfer into the stores' overtime account. There are a couple of minor salary accounts which may be in the red, but this will be handled at the end of the fiscal year.

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George reported that accounting is busy with year-end affairs at this time. The monthly review allocation is due by next Wednesday. The process is beginning for submission of the Form 7-D reports.

2. IT Report

Howard briefly described how the conversion process is progressing. Conversion in Enforcement will be stretched out a couple of weeks. Installation is only about two computers behind, with everything pretty close to schedule.

II. MARKETING & SALES REPORTS

1. Store Operations

According to the current W-8 Sales Analysis by Location report, total store sales for the week ending 6/9/02 versus 6/10/01 last year increased 3.54% or \$166,119.62. Peter noted that the paving project at Store #38 Portsmouth did not seem to be effecting sales. The base coat is down on the lot, and adjustments for rampage, etc. are being worked through.

The Volkswagen to be given away as part of the Summer of Savings Program has been making the rounds throughout the Lakes Region, shore area and southern part of the state. It will be in Cheshire County tomorrow. An invitation has been received for the car to be part of the sand sculpting event at Hampton Beach.

A. Recommended Store Openings – Thursday, July 4, 2002 – Independence Day:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve store openings, hours and operation and staffing patterns for Thursday, July 4, 2002 (Independence Day), as recommended by Peter Engel, Director of Store Operations and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2. Warehouse Report

John reported that everything is in good shape at the Concord Warehouse at this time.

3. Purchasing Report

There were no out-of-stock items of significance to mention.

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4. Merchandising Report

A. SPIRITS:

1) Memorial Day Sale:

Rick Gerrish commented that Seagram's 7 had a poor performance during the Memorial Day Sale, which ran from Thursday, May 16 through Monday, May 27, 2002.

2) Test Market:

a. Test Market Requests (Ice Box Hard Lemonade & Iced Tea):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/White Rock Distilleries for new test market listings for Ice Box Hard Lemonade, 1.75L size (assigned Code #5415) and Ice Box Hard Iced Tea, 1.75L size (assigned Code #5416), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Test Market Requests (Cabana Boy Rum – 4 flavors):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that this item be referred back to Richard Gerrish, Spirits Marketing Specialist, for further research. The motion was unanimously adopted.

c. Test Market Recommendation (Code #2014):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve a specialty listing for Code #2014, Old Whiskey River Bourbon, 750ML size, to be placed in liquor specialty stores only, as this item earned the gross profit required for such listing during a six-month test market period as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. Test Market Recommendations (Codes #3799 & #3819):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve a specialty listing for Code

#3799, LaFogata Mezcal, 750ML size, to be placed in liquor specialty stores only, as this item earned the gross profit required for such listing during a six-month test market period, and delist Code #3819, Vox Vodka, 1.75L size, as it failed to earn the required gross profit for full distribution during a six-month test market period and, as a line extension, does not qualify for specialty listing, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- e. Test Market Recommendations (Amarula Crème Liqueur and Early Times Bourbon):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that this item be referred back to Richard Gerrish, Spirits Marketing Specialist, per his request, as the broker has guaranteed shipment of Early Times Bourbon, 750ML size, within the next week. The motion was unanimously adopted.

3) August Special Offers:

- a. 1 item – Phoenix Marketing:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve a special offer from Phoenix Marketing, based upon depletions of one (1) spirit item, to be featured on sale during August 2002, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- b. 5 items – Perfecta Wine Company:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from Perfecta Wine Company, based upon depletions of five (5) spirit items, to be featured on sale during August 2002, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- c. 4 items – Pine State Trading Company:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from Pine State Trading Company, based upon depletions of four (4) spirit items, to be featured on sale during August 2002, as recommended by John

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Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. 2 items – Martignetti Companies of N.H.:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from Martignetti Companies of N.H., based upon depletions of two (2) spirit items, to be featured on sale during August 2002, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

e. 14 items – Executive Wine & Spirits:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from Executive Wine & Spirits, based upon depletions of fourteen (14) spirit items, to be featured on sale during August 2002, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

f. 16 items – Martignetti Companies of N.H.:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from Martignetti Companies of N.H., based upon depletions of sixteen (16) spirit items, to be featured on sale during August 2002, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

f. 75 items – United Beverages, Inc.:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions of seventy-five (75) spirit items, to be featured on sale during August 2002, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Tabled Items:

a. Test Market Request (White Horse Scotch – tabled from 6/6/02, Item A-1-c):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission remove from the table and approve a request from Horizon Beverage Company for a new test market listing for White Horse Scotch, 1.75L size (assigned Code #2903), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

1) New Wine Product Listing (general distribution – Code #32969):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc. for general distribution of Code #32969, Shiraz Alice White Ausl., 1.5L size, as this product has earned a gross profit of at least \$6,500 during a twelve-month period, a majority of which has been in the retail and on-premise markets, to be initially distributed to Cluster 1 and 2 stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Recommended Wine Specialty Products (28 items):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve the listing of twenty-eight (28) wine codes as wine specialty products, to be carried in wine specialty stores only, as recommended by Nicole Horton, Wine Marketing Specialist, and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Recommended Allocated and Restricted Wines for Distribution to Selected Stores (8 items):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve the listing of eight (8) allocated and restricted wine codes for distribution to selected stores only, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Primary Source Submissions (29 items – exclusive agent; 14 items – imported):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve the listing of twenty-nine (29) wine codes which are not from primary source, but are offered by the exclusive marketing agent

and fourteen (14) wine codes which are not from primary codes which are not from primary source, but are imported, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

III. ENFORCEMENT & LICENSING REPORTS

None.

IV. CHAIRMAN'S REPORT & LATE ITEMS

1. Bailment Requests:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve all reviewed requests for bailment releases/transfers dated June 7, 2002 through June 13, 2002.

2. Coupon Approvals: None.

3. Late Items: None.

John W. Byrne, Chairman

Anthony C. Maiola, Commissioner

Patricia T. Russell, Commissioner

/D. Hartford